

**General Assembly**

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**Fifty-ninth session
Fifth Committee**

Agenda item 108

Programme budget for the biennium 2004-2005

**Letter dated 20 May 2005 from the Under-Secretary-General for
Legal Affairs addressed to the Officer-in-Charge of the
Department of Management**

**Process for accepting the offer of the Government of the United States of America
to borrow up to \$1.2 billion to finance the capital master plan**

1. During informal meetings of the Fifth Committee on this matter, the Secretariat was requested to provide a written statement that had been provided informally by the Office of Legal Affairs. The following addresses that request.
2. The overall process involves an offer from the United States Government to loan \$1.2 billion to the United Nations to finance the capital master plan. The United States Government has requested the United Nations to indicate whether it wishes to accept the offer, which is contained in three letters (20 February 2004, 24 February 2005 and 15 March 2005). These letters set out the basic terms of the agreement.
3. If the Organization determines to accept the offer of the loan, it would indicate its intention in a letter to the United States Government and would subsequently enter into negotiations with the United States Government to conclude an agreement between the Organization and the United States Government. The United States Government has made clear that this offer will expire if no agreement is concluded by 30 September 2005.
4. The letter from the Organization to the United States Government expressing the intention to accept the offer of the loan would set out the basic terms and understandings for the loan agreement to be negotiated and provide that the acceptance of the offer is subject to the successful conclusion of the loan agreement. Thus, the letter creates no legal obligations for the Organization regarding the offer of the United States Government.
5. The basic terms and understandings that would be set out in the letter to the United States Government would include the terms set out in the three letters from the United States Government setting out the offer. As indicated in the addendum to



the report of the Secretary-General (A/59/441/Add.1), the Administration is prepared to accept those terms. However, the letter would also include the two understandings set out in paragraph 39 of the addendum and an additional understanding. The two understandings set out in paragraph 39 are as follows:

(a) The agreement does not create for the United Nations any legal or financial obligation to borrow any part of the \$1.2 billion from the host country or in any way restrict the Organization's discretion in deciding whether to borrow such funds;

(b) The agreement does not restrict the authority and the discretion of the United Nations to seek funds for the same purposes from any other source if the Organization chooses to do so.

6. The additional undertaking that would be included in the letter is that the agreement would permit the Organization to utilize the commitment of the United States Government to provide funds under the loan as a guarantee or collateral for obtaining funds for the implementation of the capital master plan at lower interest rates than those provided in the loan agreement and otherwise permit the Organization to benefit financially from the temporary depositing of funds disbursed to the Organization under the loan agreement in banks or other financial institutions.

7. The loan agreement with the United States Government would have to be concluded and signed no later than 30 September 2005, otherwise the offer is withdrawn. The Secretary-General would advise the General Assembly in a timely manner if, for whatever reason, it develops that the Organization and the United States Government are unable to conclude the loan agreement consistent with the basic terms and undertakings as described above.

8. As provided in the aforementioned addendum to the report of the Secretary-General, if such a loan agreement is successfully concluded, the Organization would be obligated to respect the terms relating to the repayment of any funds disbursed under the loan agreement, as provided in the letters from the United States Government containing the offer and the proposed letter from the Organization indicating the intention to accept the offer. Moreover, as indicated in the addendum, the Secretary-General would first seek the approval of the General Assembly before drawing funds under that agreement. If the Organization does not draw down any funds under the loan, it would incur no obligation under the agreement.



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Agenda item 123

Administrative and budgetary aspects of the financing of the
United Nations peacekeeping operations

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Note by the Secretary-General

1. The present note provides the working definitions used by the Department of Peacekeeping Operations in the preparation of peacekeeping mission budgets that include a disarmament, demobilization and reintegration component mandated by the Security Council. The definitions are as follows:

(a) **Disarmament.** Disarmament is the collection, documentation, control and disposal of small arms, ammunition, explosives and light and heavy weapons of combatants and often also of the civilian population. Disarmament also includes the development of responsible arms management programmes.

(b) **Demobilization.** Demobilization is the formal and controlled discharge of active combatants from armed forces or other armed groups. The first stage of demobilization may extend from the processing of individual combatants in temporary centres to the massing of troops in camps designated for this purpose (cantonment sites, encampments, assembly areas or barracks). The second stage of demobilization encompasses the support package provided to the demobilized, which is called reinsertion.

(c) **Reinsertion.** Reinsertion is the assistance offered to ex-combatants during demobilization but prior to the longer-term process of reintegration. Reinsertion is a form of transitional assistance to help cover the basic needs of ex-combatants and their families and can include transitional safety allowances, food, clothes, shelter, medical services, short-term education, training, employment and tools. While reintegration is a long-term, continuous social and economic process of development, reinsertion is a short-term material and/or financial assistance to meet immediate needs, and can last up to one year.

(d) **Reintegration.** Reintegration is the process by which ex-combatants acquire civilian status and gain sustainable employment and income. Reintegration



is essentially a social and economic process with an open time frame, primarily taking place in communities at the local level. It is part of the general development of a country and a national responsibility and often necessitates long-term external assistance.

2. These definitions are currently being discussed in the United Nations inter-agency working group on disarmament, demobilization and reintegration, with a view to standardizing them, across the United Nations system, in the Integrated Disarmament, Demobilization and Reintegration Standards. The following departments of the Secretariat, agencies, funds and programmes are part of the inter-agency working group on disarmament, demobilization and reintegration: Department for Disarmament Affairs, Department of Peacekeeping Operations, Department of Political Affairs, Department of Public Information, International Labour Organization, International Organization for Migration, Joint United Nations Programme on HIV/AIDS, United Nations Development Programme, United Nations Children's Fund, United Nations Development Fund for Women, United Nations Population Fund, Office of the United Nations High Commissioner for Refugees, World Food Programme and World Health Organization.

3. While the Secretariat may continue to include operational costs related to disarmament and demobilization (including reinsertion) in the budgets of relevant peacekeeping missions with a disarmament, demobilization and reintegration component, in accordance with mandates of the Security Council, financial support for reintegration will continue to be resourced through voluntary contributions and managed by the appropriate agencies, funds and programmes.



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Agenda items 77 and 123

**Comprehensive review of the whole question of
peacekeeping operations in all their aspects**

**Administrative and budgetary aspects of the financing of the
United Nations peacekeeping operations**

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: cross-cutting issues

Programme budget implications of draft resolution A/C.5/59/L.53

**Statement submitted by the Secretary-General in accordance with
rule 153 of the rules of procedure of the General Assembly**

I. Introduction

1. The General Assembly, in paragraph 4 of section IV, Review of the management structure of all peacekeeping operations, of the draft resolution entitled "Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: cross-cutting issues" (A/C.5/59/L.53), would request the Secretary-General, as a matter of priority, to entrust the Office of Internal Oversight Services with a comprehensive management audit to review practices of the Department of Peacekeeping Operations and to identify risks and exposures to duplication, fraud and abuse of authority in the following operational areas: finance, including budget preparation; procurement; human resources, including recruitment and training; and information technology, and to report thereon to the General Assembly at its sixtieth session.

2. The Office of Internal Oversight Services has reviewed its audit workplan, including a number of outputs proposed under the budget for the support account for peacekeeping operations for the period 2005/06, and has reprioritized its workplan and related resources to carry out the comprehensive management audit requested by the General Assembly.



3. The present statement by the Secretary-General outlines the budgetary implications and/or consequential changes in the resource proposals for the Office of Internal Oversight Services in the budget for the support account for the period from 1 July 2005 to 30 June 2006.

II. Organizational issues

4. The resource proposals for the Office of Internal Oversight Services for the period from 1 July 2005 to 30 June 2006 are reflected in the budget for the support account for the same period (A/59/730) and the statement submitted by the Secretary-General on a comprehensive review on a strategy to eliminate future sexual exploitation and abuse in United Nations peacekeeping operations (A/C.5/59/28/Add.1 and Corr.1).

5. The planned workplan of the Office reflected the following audits:

(a) Audit of the supply chain management in peacekeeping operations, originally planned to be carried out by a corporate contractor for a total of \$50,000. This amount was reflected in the support account budget for the period 2005/06 (A/59/730, paras. 238 and 240);

(b) Audit of construction engineering projects in peacekeeping operations and a review of the engineering section of the Department of Peacekeeping Operations, planned to be carried out by a consultant for a total of \$15,000. This amount was reflected in the support account budget for the period 2005/06 (A/59/730, paras. 238 and 240);

(c) Audits to be carried out by resident auditors in the peacekeeping missions.

6. Following a review of the requirements and the preliminary assessment of the scope of work for the execution of the comprehensive management audit of the Department of Peacekeeping Operations, the Office of Internal Oversight Services plans to include the audits of the supply chain management and construction engineering projects within the requested comprehensive management audit.

7. Consequently, the resources proposed in the support account budget for those two audits will be reprioritized into the total resource requirements for the comprehensive management audit, thereby reducing the additional resources requested in the present statement.

8. The Office of Internal Oversight Services also plans to postpone to the fiscal period 2006/07 three field mission audits to be carried out by resident auditors, as the individuals will be actively involved in the completion of the comprehensive management audit at United Nations Headquarters.

III. Preliminary scope of work

9. The following is a preliminary list of topics and areas that will be audited and reviewed as part of the comprehensive management audit of the Department of Peacekeeping Operations:

(a) Risk assessment of the Department of Peacekeeping Operations;

- (b) Mission planning (military, police, logistics);
- (c) Substantive operations (e.g. disarmament, demobilization, repatriation, resettlement and reintegration, rule of law);
- (d) Information communication technology;
- (e) Human resources management (including training);
- (f) Results-based budgeting;
- (g) Financial management;
- (h) Procurement and supply;
- (i) Air operations;
- (j) Transport;
- (k) Lessons learned and best practices;
- (l) Mine action.

10. Items (b) to (l) in the above list of topics are subject to changes following the risk assessment of the Department of Peacekeeping Operations.

IV. Estimated resource requirements

A. Overview

11. It is estimated that the Office of Internal Oversight Services will require the expertise of:

(a) *Consultant.* A specialized consultancy firm with multidisciplinary expertise in several areas including, but not limited to, information technology, logistics and supply chain management, will be employed for a period of approximately six weeks to work jointly with auditors in the Office of Internal Oversight Services on carrying out risk assessment studies of the Department of Peacekeeping Operations and selected field missions. Currently there is no such combined expertise in the Office of Internal Oversight Services and, given the complexity of the United Nations peacekeeping operations, the limited risk assessment of peacekeeping missions done so far, and the very short timeframe, it is necessary to engage a specialized consultancy firm to conduct a baseline risk assessment exercise aimed at defining further the scope of the comprehensive management audit;

(b) *Two telecommunication experts.* Two individual consultants will be employed for a period of approximately two months each to audit the telecommunication assets and related resources of the Department of Peacekeeping Operations and the field missions;

(c) Seven resident auditors from the resident auditor offices in the field missions will work in New York for a period of 45 days simultaneously on various topics included in the review.

12. The Office of Internal Oversight Services estimates that regular travel will be required and undertaken by experts from the consultancy firm, the

telecommunication experts and the team of auditors from the Office of Internal Oversight Services to visit selected peacekeeping missions.

13. The additional resources required for the execution of the comprehensive management audit of the Department of Peacekeeping Operations are presented below:

(Thousands of United States dollars)

<i>Category</i>	<i>Requirements</i>	<i>Proposed in support account budget for 2005/06</i>	<i>Additional amount requested</i>
Consultants	300.0	65.0	235.0
Official travel	231.6	—	231.6
Total	531.6	65.0	466.6

B. Analysis of resource requirements

	<i>Requirement</i>	<i>Proposed in 2005/06 budget</i>	<i>Balance</i>
Consultants	\$300,000	\$65,000	\$235,000

14. The requirement of \$300,000 provides for the assistance of a specialized consultancy firm for a period of six weeks to conduct risk assessment exercises in the Department of Peacekeeping Operations and selected peacekeeping missions (\$250,000) and the service of two telecommunication experts to audit the communication resources in the peacekeeping missions for a period of approximately two months each (\$50,000).

15. In the support account budget for the period 2005/06, the Office of Internal Oversight Services has proposed to undertake the audit of the supply chain management in the peacekeeping missions for \$50,000 and the audit of construction engineering projects in the peacekeeping missions for \$15,000. The Office proposes to include those audits in the comprehensive management audit and to utilize the foreseen resources in the support account budget towards the resource requirements for the comprehensive management audit of the Department of Peacekeeping Operations.

16. Consequently, a net additional provision of \$235,000 would be required for the 2005/06 support account budget, under consultancy, for the execution of the comprehensive management audit of the Department of Peacekeeping Operations.

	<i>Requirement</i>	<i>Proposed in 2005/06 budget</i>	<i>Balance</i>
Official travel	\$231,600	—	\$231,600

17. An additional provision of \$231,600 would be required for the 2005/06 support account budget, under official travel, for the travel of seven resident auditors from the peacekeeping missions to United Nations Headquarters to work

simultaneously on the various topics to be covered by the comprehensive management audit for a period of 45 days (\$121,600), for the travel of 10 auditors from United Nations Headquarters to selected peacekeeping missions for a period of 20 days (\$90,000) and the travel of the telecommunication experts to the United Nations Logistics Base at Brindisi and to selected peacekeeping missions (\$20,000).

V. Conclusions and recommendations

18. The resource requirements needed to undertake the comprehensive management audit have been carefully analysed and justified, taking into consideration the existing capacity, the current and proposed resources of the Office of Internal Oversight Services under the support account budget for 2005/06 (A/59/730) and the reallocation of proposed resources.

19. Conducting the comprehensive management audit of the Department of Peacekeeping Operations requested by the General Assembly in paragraph 4 of section IV, Review of the management structure of all peacekeeping operations, of draft resolution A/C.5/59/L.53, would give rise to additional requirements of \$466,600 to be provided in the support account budget for the period from 1 July 2005 to 30 June 2006.

20. Accordingly, should the General Assembly adopt draft resolution A/C.5/59/L.53 the additional requirements arising would be as follows:

(a) Additional requirement of \$235,000 under consultants, to be included in requirements for the Office of Internal Oversight Services in the support account for the period 2005/06;

(b) Additional requirement of \$231,600 under official travel, to be included in requirements for the Office of Internal Oversight Services in the support account for the period 2005/06.



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Agenda item 123

**Administrative and budgetary aspects of the financing
of the United Nations peacekeeping operations**

Financing of the support account for peacekeeping operations

Financing of the United Nations Logistics Base at Brindisi, Italy

Note by the Secretary-General

1. The present note is issued in accordance with the prorating procedures approved by the General Assembly in its resolution 50/221 B of 7 June 1996. The annex to the present note reflects the resources to be approved by the General Assembly in respect of each peacekeeping mission, including the prorated shares of the support account and of the United Nations Logistics Base at Brindisi, Italy.
2. The resources to be approved by the General Assembly for the United Nations Organization Mission in the Democratic Republic of the Congo are commitment authorities, with assessment, for the period from 1 July to 31 October 2005 and are included in the proration.
3. The annex excludes the resources approved for the United Nations Mission in the Sudan as commitment authorities, with assessment, for the period from 1 July to 31 October 2005.
4. A later note will be issued on the approved level of resources for all peacekeeping operations once the General Assembly has taken action.
5. The Committee is requested to take note of these amounts.



Appropriation to be approved by the General Assembly for peacekeeping operations for the period from 1 July 2005 to 30 June 2006

(United States dollars)

	Appropriation to be approved by the General Assembly (exclusive of support account and Logistics Base, Brindisi) ^a			Support account ^a			Prorated share of Logistics Base, Brindisi ^b			Total appropriation		
	Income from staff assessment			Income from staff assessment			Income from staff assessment			Income from staff assessment		
	Gross	Percentage		Gross			Gross			Gross		
MINURSO	45 540 400	1.51		2 508 000			284 500			475 000		
MINUSTAH	470 073 600	15.56		10 069 500			2 936 100			4 903 100		
MONUC	383 187 800	12.68		6 116 800			2 393 500			3 996 800		
ONUB	292 272 400	9.67		8 297 100			1 825 500			3 048 500		
UNAMSIL	107 539 300	3.56		3 307 800			671 700			1 121 700		
UNOCI	367 501 000	12.16		7 646 400			2 295 500			3 833 200		
UNDOF	41 521 400	1.37		1 142 400			259 300			433 100		
UNFICYP	44 184 300	1.46		2 112 100			275 900			460 900		
UNIFIL	94 252 900	3.12		4 715 700			588 800			983 100		
UNOMIG	34 562 100	1.14		2 254 000			215 900			360 500		
UNMEE	176 664 400	5.85		4 477 500			1 103 500			1 842 700		
UNMIK	239 889 800	7.94		26 054 100			1 498 400			2 502 100		
UNMIL	722 422 100	23.91		11 215 700			4 512 400			7 535 100		
UNMISSET	1 662 200	0.06		119 400			10 300			17 300		
Total	3 021 273 700	100.0		84 036 500			18 871 300			31 513 100		
				146 935 200			10 300			1 760 300		
										2 233 100		
										3 199 722 000		
										105 140 900		

Abbreviations: MINURSO: United Nations Mission for the Referendum in Western Sahara

MINUSTAH: United Nations Stabilization Mission in Haiti

MONUC: United Nations Organization Mission in the Democratic Republic of the Congo

ONUB: United Nations Operation in Burundi

UNAMSIL: United Nations Mission in Sierra Leone

UNDOF: United Nations Disengagement Observer Force

UNFICYP: United Nations Peacekeeping Force in Cyprus

UNIFIL: United Nations Interim Force in Lebanon

UNMEE: United Nations Mission in Ethiopia and Eritrea

UNMIK: United Nations Interim Administration Mission in Kosovo

UNMIL: United Nations Mission in Liberia

UNMISSET: United Nations Mission of Support in East Timor

UNOCI: United Nations Operation in Côte d'Ivoire

UNOMIG: United Nations Observer Mission in Georgia

^a As contained in paragraph ___ of draft resolution A/C.5/59/L...

^b As contained in paragraphs ___ to ___ of draft resolution A/C.5/59/L...

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Agenda item 123

**Administrative and budgetary aspects of the financing
of the United Nations peacekeeping operations**

**Financing of the support account for peacekeeping
operations**

**Financing of the United Nations Logistics Base at
Brindisi, Italy**

Note by the Secretary-General

1. The present note is issued in accordance with the prorating procedures approved by the General Assembly in its resolution 50/221 B of 7 June 1996. The annex to the present note reflects the resources to be approved by the Assembly in respect of each peacekeeping mission, including the prorated shares of the support account and of the United Nations Logistics Base at Brindisi, Italy.
2. The resources to be approved by the General Assembly for the United Nations Organization Mission in the Democratic Republic of the Congo are commitment authorities, with assessment, for the period from 1 July to 31 October 2005 and are included in the proration.
3. The annex excludes the resources approved for the United Nations Mission in the Sudan as commitment authorities, with assessment, for the period from 1 July to 31 October 2005.
4. A later note will be issued on the approved level of resources for all peacekeeping operations once the General Assembly has taken action.
5. The Committee is requested to take note of these amounts.

* Reissued for technical reasons.

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Annex

Appropriation to be approved by the General Assembly for peacekeeping operations for the period from 1 July 2005 to 30 June 2006

(United States dollars)

	Appropriation to be approved by the General Assembly (exclusive of support account and Logistics Base, Brindisi)			Prorated share of			Total appropriation		
	Support account ^a			Logistics Base, Brindisi ^b			Income from staff assessment		
	Gross	Income from staff assessment	Percentage	Gross	Income from staff assessment	Percentage	Gross	Income from staff assessment	Percentage
MINURSO	45 540 400	2 508 000	1.51	1 969 000	2 78 300	439 000	47 948 400	2 821 800	
MINUSTAH	470 073 600	10 069 500	15.56	20 289 800	2 867 900	4 523 600	494 887 000	13 303 300	
MONUC	383 187 800	6 116 800	12.68	16 534 400	2 337 100	3 686 300	403 408 500	8 752 100	
ONUB	292 272 400	8 297 100	9.67	12 609 400	1 782 300	2 811 300	307 693 100	10 306 800	
UNAMSIL	107 539 300	3 307 800	3.56	4 642 100	656 100	1 035 000	113 216 400	4 047 700	
UNOCI	367 501 000	7 623 600	12.16	15 856 300	2 241 300	3 535 200	386 892 500	10 150 900	
UNDOF	41 521 400	1 142 400	1.37	1 786 400	252 500	398 300	43 706 100	1 427 100	
UNFICYP	44 184 300	2 112 100	1.46	1 903 800	269 100	424 500	46 512 600	2 415 600	
UNIFIL	94 252 900	4 715 700	3.12	4 068 400	575 100	907 000	99 228 300	5 364 100	
UNOMIG	34 562 100	2 254 000	1.14	1 486 500	210 100	331 400	36 380 000	2 490 900	
UNMEE	176 664 400	4 477 500	5.85	7 628 200	1 078 200	1 700 700	185 993 300	5 693 300	
UNMIK	239 889 800	20 054 100	7.94	10 353 700	1 463 500	2 308 300	252 551 800	21 704 300	
UNMIL	722 422 100	11 215 700	23.92	31 191 200	4 409 100	6 954 100	760 567 400	16 187 300	
UNMISET	1 662 200	119 400	0.06	78 200	11 000	17 400	1 757 800	131 800	
Total	3 021 273 700	84 013 700	100.00	130 397 400	18 431 600	29 072 100	3 180 743 200	104 797 000	

^a As set out in draft decision A/C.5/59/L.72, in paragraph (a) of draft decision A/C.5/59/L.73 and in paragraph 21 of draft resolution A/C.5/59/L.77.
^b As set out in paragraph 15 of draft resolution A/C.5/59/L.70.

Abbreviations:

MINURSO: United Nations Mission for the Referendum in Western Sahara
 MONUC: United Nations Stabilization Mission in Haiti
 ONUB: United Nations Organization Mission in the Democratic Republic of the Congo
 UNAMSIL: United Nations Mission in Sierra Leone
 UNDOF: United Nations Disengagement Observer Force
 UNFICYP: United Nations Peacekeeping Force in Cyprus
 UNIFIL: United Nations Interim Force in Lebanon
 UNMEE: United Nations Mission in Ethiopia and Eritrea
 UNMIK: United Nations Interim Administration Mission in Kosovo
 UNMIL: United Nations Mission in Liberia
 UNMISET: United Nations Mission of Support in East Timor
 UNOCI: United Nations Operation in Côte d'Ivoire
 UNOMIG: United Nations Observer Mission in Georgia